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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/801,238
Filing Date: March 15, 2004
Appellant(s): LAWRENCE, DAVID

Nathaniel Levin
(Reg. No. 34,860)
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 09/22/2008 appealing from the Office action mailed 07/01/2008.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is incorrect. A correct statement of the status of the claims is as follows:

This appeal involves claims 1 and 3-12. The appeal brief states that the status of claims 10-12 is unclear. The office action of 03/24/2008 clearly indicates that the applicants' arguments for claims 10-12 have been considered but are not persuasive. The rejections of claims 10-12 was maintained.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. The changes are as follows: The Eckert reference not included in the appellant's statement of the grounds of rejection is included in Section 8 below so as to make the record complete.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

2002/0107779	Maltzman	8-2002
2001/0042041	Moshal et al.	11-2001
20050091140	Sloan et al.	4-2005
2001/0049647	Sheehan et al.	11-2001
2002/0035534	Buist et al.	3-2002
2004/0054551	Ausubel et al.	3-2004
2002/0099646	Agarwal et al.	6-2002
20020049664	Hoffman et al.	4-2002
20020069161	Eckert et al.	6-2002

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

1. Claim 1-9 are rejected under 35 U.S.C. 103(a) as being unpatentable over Maltzman (2002/0107779) in view of Moshal et al. (2001/0042041), Sloan et al. (2005/0091140), Sheehan et al. (2001/0049647), Buist et al. (2002/0035534) and Ausubel et al. (2004/00554551), Agarwal et al. (2002/0099646), Hoffman et al. (20020049664) and Official Notice.

As per claim 1;

Maltzman discloses:

A computer implemented method for offering an option to sell and buy items, the method comprising:

offering in a computer system, items to one or more pre-auction bidders at a pre-auction price (paragraph 0018);

receiving into a memory in the computer system, an indication from the one or more pre-auction bidders accepting the offer at the pre-auction price (paragraph 0032, figs. 1, 5a and 5b);

publishing in the computer system, information descriptive of one or more pre-auction sales including the pre-auction price (paragraph 0029, fig. 1, server 20 and fig. 4 block 660);

accepting into the memory in the computer system, the offer at the pre-auction price (paragraph 0034, figs. 5B block 330 and 340.

Maltzman does not disclose:

allocating shares of stock comprising an initial public offering.

However, Moshal et al. discloses:

An initial public offering using a Dutch auction (paragraph 0096).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Maltzman and Moshal et al. to offer a system for a plurality of exchanges (Moshal et al., Para. 0006-0009).

Maltzman also does not disclose:

Said information descriptive of the pre-auction sales of shares including the identification of bidders who bought shares at the pre-auction price;

However, Sloan et al. discloses:

Item market data which includes identification of sellers and/or purchasers/bidders on a particular item (Para. 0031).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of Maltzman, Moshal et al. and Sloan et al. One of ordinary skill in the art at the time of this invention would have been motivated to do so in order to do so in order to identify buyers who may have purchased items at below market value and may be willing to resell items at an appropriate profit (Sloan et al. Para. 003).

Maltzman also does not disclose:

Auctioning the remaining shares.

However, Sheehan et al. discloses:

Internet based auctions comprising pre-auctions where remaining merchandise is offered in a public auction (paragraph 0009).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Maltzman, Moshal et al., Sloan et al. and Sheehan et al.

One of ordinary skill in the art would be motivated to do so in order to allow preferred trading partners a first opportunity at the offering before the public sale.

As per claim 3;

Maltzman does not disclose:

The method of claim 1 additionally comprising the step of publishing via the computer system, the number of shares offered at the pre-auction price.

However, Sheehan discloses:

A pre-auction over the Internet (paragraph 0009).

Additionally, Buist et al discloses:

Posting on the Internet, auction information including the number of share offered and the auction price (Fig. 15 A, bullets 1 and 2).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Sheehan et al. and Buist et al.

One of ordinary skill in the art would be motivated to do so in order to find a quick and ready market for goods and services (Sheehan et al. Para. 0009).

As per claim 4:

Maltzman does not disclose:

The method of claim 1 additionally comprising the step of publishing via the computer system, how many shares each pre-auction bidder received.

However, Sheehan et al discloses:

A pre-auction over the Internet (paragraph 0009).

Additionally, Ausubel et al. discloses:

A message sent via computer including the allocation of items among bidders and the payment of the bidders (paragraph 0133).

Finally, Buist et al. discloses:

A method and apparatus for auctioning securities (title).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Sheehan et al., Ausubel et al. and Buist et al.

One of ordinary skill in the art would be motivated to do so in order to provide investors with information they can use to assess the value of the stock and enable them to make sound decisions.

As per claim 5;

Maltzman does not disclose:

The method of claim 1 additionally comprising the step of determining with the processor in the computer system, pre-auction bidders based upon at least one of: investor suitability, investment objectives and prior investment

history.

However, Sheehan et al. Discloses:

Allowing frequent buyers and sellers to pre-register and pre-qualify one another so that goods and services can find a quick and ready market (Para. 0009) and issuing invitations to likely buyers to allow access to first round and pre-auction activities (paragraph 0016).

The examiner asserts that the "investor suitability", which is not further defined in the specification, is similar in scope to the determination of a "likely buyer". In addition, the applicants specification (Para. 0034) discloses, pre-qualification as determining investor suitability...or other type of determination that would be indicative of whether a bidder should be able to participate in the IPO. Regardless of the particular terminology used the spirit of the applicant's invention and the reference with regard to this limitation are the same.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Maltzman, Moshal et al., Sloan et al., and Sheehan et al.

One of ordinary skill in the art would be motivated to do so in order to find a quick and ready market for goods and services (Sheehan et al. Para. 0009).

As per claim 6;

Maltzman does not disclose:

The method of claim 1 wherein the pre-auction price is determined by an

issuer of the stock and an underwriter for the stock.

However, Sheehan et al discloses:

A pre-auction over the Internet (paragraph 0009).

Additionally, Agarwal et al. discloses:

Syndication functions that allow underwriters/dealers (issuers) to determine demand for an issue of securities and set a price.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Maltzman, Sheehan et al. and Agarwal et al.

One of ordinary skill in the art would be motivated to do so in order to price the security at a price that is fair to both the seller and the buyer and expedites the sale of the security.

As per claim 7;

Maltzman does not disclose:

The method of claim 1 additionally comprising the step of making available in the computer system, a list of those pre-auction bidders that have previously purchased pre-auction shares comprising an offering underwritten by an investment bank involved in the initial public offering.

However, Sheehan et al. discloses:

Pre-auction trading (paragraph 0009).

Additionally, Hoffman et al. discloses:

A bidder list, compiled in a system, from previous auctions (paragraph 0069, 0072).

Finally, the examiner takes Official Notice that underwriting by an investment bank of shares of stock in an initial public offering is old and well known.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Maltzman, Sheehan et al. and Hoffman et al. together with the underwriting of an investment bank for an IPO.

One of ordinary skill in the art would be motivated to do so in order to provide sufficient notice to interested bidders.

As per claim 8;

Maltzman does not disclose:

The method of claim 7 additionally comprising the step of making available in the computer system, information descriptive of an investment experience related to the previously purchased pre-auction shares comprising the pre-auction price of the previously purchased pre-auction shares.

However, Hoffman et al. discloses:

A bidder list, compiled in a system, with registered bidders comprehensive contact information in their user profiles.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Maltzman and Hoffman et al.

One of ordinary skill in the art would be motivated to do so in order to maintain and access sufficient information about potential bidders to enable sellers to contact the bidders most likely to buy.

As per claim 9;

Maltzman discloses:

A Computer system with processor and storage devices (Para. 0021) where a reserve price is set (Para. 0028).

Maltzman does not disclose:

The method of claim 1 additionally comprising the steps of:

determining with the processor in the computer system, a total amount to be received from accepted pre-auction offers and auction bids;

and conditioning with the processor in the computer system, sale of the shares comprising the initial public offering, upon the total amount equaling or exceeding the reserve price.

However, Moshal et al. discloses:

An auction system where the reserve price has been set and settlement is conditioned upon a sufficient number of buyers bidding at or above the reserve price to sell all items in the auction.

Additionally, the examiner takes Official Notice that it is old and well known in the art to use a computer system or to calculate by hand, the expected amount to be received from pre-auction and auction bids and to use the computer system, or

calculate by hand, whether or not the reserve price has been met and to decide whether or not to issue the IPO as a result e.g. when the Dot com bubble burst, any IPO which expected to raise a particular sum of money but did not may have been subject to cancellation. The examiner points to the Benveniste et al. reference which discloses two methods of IPO sales, the fixed price and the book building method. In the latter method the underwriter solicits orders during road shows that help set the final offer price (Pg. 2, Para. 3) and the expected proceeds are higher (Pg. 2, Para. 2, Pg. 6, Para. 3, Pg. 8, Para's. 3 and 4). In this way the expected proceeds are calculated.

The examiner also points to the Scott reference where due to lack of investor interest and indications of less than expected proceeds the IPO was cancelled (Pg. 4, Para's. 2 and 3)

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Maltzman and Moshal et al. and examiner's Official Notice.

One of ordinary skill in the art would be motivated to do so in order to anticipate the prospect of a successful issue by determining the price at which an issue will sell and to automate the process.

(10) Response to Argument

10-1 Applicants' argument that the Maltzman reference is not analogous art and should be disqualified under *In re Oetiker*, 977 F. 2d 1443, 24 USPQ2d 1443 (Fed. Cir.

1992) is not convincing. Applicant argues that the Maltzman reference is not in the field of applicant's endeavor or reasonably pertinent to the particular problem in which the applicant was concerned.

In the present case, the applicant's abstract states " the present invention provides an auction system that allows IPO sales to be offered in an open and transparent manner, wherein, a certain percentage (up to 100%) of shares in an IPO can be offered to qualified bidders at a "buy now" pre-auction price, set by an issuer and/or underwriter".

The abstract of the Maltzman reference reads "A method of allowing a seller in an auction facility to offer buyers the option of buying an offering at a pre-auction seller determined price or using a regular auction process". Maltzman is not directed toward the sale of shares or an IPO per se, however, Maltzman is directed toward an auction system. In fact, the assignee of the Maltzman reference is eBay.

The examiner relies upon the following guidance from the MPEP:

2141.01(a) [R-6] Analogous and Nonanalogous Art
I. TO RELY ON A REFERENCE UNDER 35 U.S.C. 103, IT MUST BE
ANALOGOUS PRIOR ART

The examiner must determine what is "analogous prior art" for the purpose of analyzing the obviousness of the subject matter at issue. **> "Under the correct analysis, any need or problem known in the field of endeavor at the time of the invention and addressed by the patent [or application at issue] can provide a reason for combining the elements in the manner claimed. " KSR International Co. v. Teleflex Inc., 550 U.S. ___, ___, 82 USPQ2d 1385, 1397 (2007). Thus a reference in a field different from that of applicant's endeavor may be reasonably pertinent if it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his or her invention as a whole.<

Moshal is combined with Maltzman in the rejection of claim 1. Moshal is also directed toward auctions and makes particular reference to the auctions taking place

over a network (abstract, background). Moshal, particularly states in the Description of Related Art, "the wide-spread use of technology has fostered growth in on-line transactions. In particular, electronic exchanges now are integrated with internet technology to enhance the transaction environment of participants. Several examples of such exchanges exist". Moshal goes on to discuss, in the next paragraph, EBay and its use of auctions including Dutch auctions. In the following paragraph, Moshal discusses how Brokers now offer users internet access to public stock exchanges. Finally, Moshal concludes by saying that auction and electronic exchanges offer limited variations.

Embodiments of the Moshal invention 'employ common characteristics between auction types which are abstracted into a subset of common parameters providing a system for efficient trading that generates exchanges and auctions based on the common parameters'. 'By varying these parameters, multiple existing and new types of auction, exchanges and other price interactions may be created and conducted...using a network such as the internet' (Para. 0039).

Moshal gives an example of one embodiment being a Dutch Auction for Initial Public Offerings on public stock exchanges (Para. 0096).

Moshal provides another example of an IPO style auction in Para. 0245.

The examiner contends that the Maltzman reference is proper as it is directed to the field of auction and pre-auction processes. Moshal completes the combination by introducing IPOs. Maltzman is therefore analogous.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/William E Rankins/

Examiner, Art Unit 3696

12/09/2008

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